Evaluation of the Canada Student Loans Program

Final Report

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Executive Summary

Introduction

The Canada Student Loans Program (CSLP) Evaluation conducted between September 1996 and August 1997 by Human Resources Development Canada (HRDC), addressed a wide range of issues related to program relevance, design and delivery, impacts and alternatives. This summary provides the findings from this evaluation.

Overview of the CSLP

Created in 1964, the CSLP is aimed at assisting Canadians with demonstrated financial need to enrol, pursue and complete their post-secondary education and training leading to a degree, diploma or certificate in programs of 12 weeks or more in duration. Each year, it provides $1.2 billion in loans to over 315,000 students in post-secondary programs at universities, community colleges and private colleges in Canada and around the world.

The role of the federal government in the CSLP is to develop policies around eligibility criteria, need assessment determination, and approach to financial assistance, negotiate with the lending institutions and, coordinate the delivery of the program.

The two key partners involved in the delivery of the program are the provinces and the lending institutions. Participating provinces determine individual eligibility based on federal criteria, assess student financial needs based on federal criteria, award the aid by issuing a loan certificate, and designate institutions which students may attend with CSLP assistance.

Student assistance is based on federal-provincial partnership. Québec and the N.W.T. have opted out of the CSLP and receive alternative payments to operate their own programs. The CSLP provides 60% of assessed need for each full-time student up to a weekly loan limit of $165. Participating provinces then determine how, and to what extent, they will provide financial assistance. Most provinces have moved away from provincial grants to loans with some small grant components for high-need students. It is important to note that parents are expected to contribute to the costs of their children's education until the student has been out of high school four years or in the labour force two years or married or a single parent. Spouses are also expected to contribute.

How it works

The federal loan certificates are issued by the province to the students who then bring them to private sector lenders who issue the loans. During full-time studies, borrowers receive a full interest subsidy paid by the federal government to the lender.
On August 1, 1995, new financing arrangements for the CSLP came into effect through contracts

with nine participating lenders. Under the new arrangements, lenders assume much greater responsibility for servicing and collecting the loans. The contracts are based on the principle of lender risk-sharing and will be in place for a period of up to five years with lenders collectively making loans of over $1 billion each year. The government will pay lenders a "risk premium".

After leaving studies, borrowers must consolidate their loans, assume responsibility for interest, and begin, within six months, to make payments. If borrowers experience low income or unemployment, they may apply for up to 18 months of interest relief during the first five years of repayment. As of April 1997, Interest Relief is available for up to 30 months.

Borrowers with disabilities who experience financial hardship in repayment may have their debts forgiven. The CSLP also has a small, non-subsidized part-time loans program which allows students to pay only interest costs during their studies. There are also Special Opportunity Grants (SOG) for students with disabilities, high-need part-time students, and women in certain doctoral studies.

The Evaluation Process

The evaluation examined the following issues: the extent to which the financial aid meets student needs, the trends in repayment and reasons for default, and the impact of the CSLP on students' completion of studies in a timely and successful manner. Information profiling the program and some initial indicators of revised program impacts have been gathered. The evaluation also focused on linkages between the stated objectives and the revised program design and delivery.

The evidence gathered during the evaluation of the CSLP originated from multiple lines of evidence both qualitative and quantitative.

- **The Literature Review** included national and international research and evaluation findings which focused on the key evaluation issues.

- **The Administrative Data Analysis** was used to profile the program and to conduct econometric modelling relating to program impacts and default.

- **The Key Informant Interviews** were conducted with over 40 individuals representing HRDC, provincial governments, educational institutions and lenders.

- **A total of 29 Focus Groups** with student borrowers and non-borrowers, defaulters and lending institution representatives were conducted.

- **The Survey of Defaulters** included 422 students who had defaulted on their CSLP loan.

- **The Survey of Borrowers** included 2036 student borrowers who received a Canada

student loan in 1995 for full-time studies in the first year of a post-secondary education program.

Key findings

Relevance of the CSLP and its Provisions

The evaluation addressed issues associated with the role of the CSLP in financing post-secondary education; the rationale for the CSLP approach to student aid; the relevance of the program's goals related to timely and successful completion of studies; and, the appropriateness of Special Opportunity Grants. A summary of the findings relating to each of these topics is presented as follows:

i) Overall, the **relevance of financial assistance** to post-secondary students remains high since:

- CSLP and related assistance from provincial governments are heavily used by post-secondary students. For example, in 1993-94 there were 173,894 CSLP borrowers (40%)out of a total full-time university enrolment of 436,564;
- assistance received from governments constitutes a large share of the financial resources of current CSLP borrowers. For student borrowers from all three types of institutions, student loans accounted for, on average, more than 50% of their total financial ressources;
- a large majority of current borrowers consider the support received as vital to their ability to pursue post-secondary education. Overall, an estimated 78% of CSLP borrowers would not have enrolled if they had not received a Canada Student Loan; and,
- post-secondary graduates experience above-average success in the labour market.

ii) Overall, the **loan financing approach** with an in-school interest subsidy continues to be regarded as an appropriate approach for the federal government. Nevertheless, the high levels of debt that will be incurred by future graduates is a serious concern with respect to this approach.

iii) The rationale for assisting students in the **timely completion** of their studies in general, remains strong given that it allows them to enter the workforce (with their desired qualifications) more quickly. However, some students perceive that timely completion is not appropriate for them for a number of valid reasons such as personal responsabilities and the necessity for a part time jobs to fulfill financial needs and to gain work experience to facilitate school to work transition.

iv) The importance of **successful** completion as a target for the CSLP is strongly supported by labour market statistics for individuals with some post-secondary education relative to those having completed their studies.

v) The **Special Opportunity Grants** (SOGS) are a poor fit with the CSLP since the three SOGS have policy objectives which are in themselves quite distinct from the policy objectives of the CSLP. Key informants were in general, unsympathetic with these initiatives (especially those for women doctoral students), and their place within the program.

Program Design and Delivery

The evaluation examined, in the context of appropriateness and effectiveness, various aspects of the program's design and delivery such as role and responsibilities, transition period, timely completion provisions, performance measurement, regulations, information to clients, interest relief, needs assessment and part-time student loans.

i) **Roles and responsibilities**, in general, are well defined for partners in the program and appropriate given the positive experience of all parties with respect to student loans. Cooperation and harmonization among the parties has improved but there continues to be opportunities for improvement. All parties see benefits from harmonization of federal and provincial programs and are disappointed with the progress that has been achieved to this point in time. Current approaches to data handling and information sharing are a significant barrier to improved cooperation amongst CSLP partners.

ii) The **transition** from the old program structure to the revised risk-sharing arrangement program design was awkward and continues to provide problems. For example, the regulations for the CSLP are complex and difficult to work with and having to work with more than one set of regulations and procedures exacerbates these difficulties.

iii) While the program's monitoring systems allow for reporting of general information to Parliament, **performance measures** have not been developed for the program. The program suffers from a lack of data and, a limited facility for electronic data interchange among the program's partners.

iv) Overall, the CSLP is characterized by rigid **regulations** rather than responsive processes. Numerous examples of rigidity are to be found in the manner in which money is disbursed to students; the needs assessment process; the lack of transparency in the appeals process; and, the lack of processes to ensure that relevant information is updated as required.

v) The existing mechanisms to encourage **timely completion** are likely ineffective in that the required course loads may not be sufficient to achieve the program's goals.

vi) **Information** provided to students is not well focussed. There is too much information for a student population that is already suffering from information overload and available information does not adequately deal with student specific problems. Many students stated that education institutions (specifically private schools) and lenders do not provide adequate financial counselling and informing students of their responsibilities, obligations and repayment options with respect to CSLP loans.

Lenders are required, as part of their agreement with the CSLP, to provide personal financial counselling to borrowers. However, the extent to which lenders had developed and implemented a communications strategy varied widely across lending institutions. Information pertaining to the availability of interest relief is not typically made available to those who require it.

vii) **Interest Relief** was underutilised under the old program. Only 35% of defaulters surveyed were aware of the availability of Interest Relief. However, revisions made to Interest Relief, increased publicity, the new partnership with lenders and, increasing debt levels are all expected to increase the use of Interest Relief.

viii) The **Revised Needs Assessment** methods are generally viewed as providing a more accurate assessment of student needs thereby ensuring improved targeting of funds.

Nevertheless some weaknesses continue to exist and some assumptions contained in the methodology (e.g. parental contributions) create hardship for individuals for whom those assumptions are invalid.

ix) **Part-time student loans** are used in a very limited way and are generally viewed as an administrative nuisance which is not responsive to the needs of students. Accommodation of needy part-time students within the standard CSLP system is generally viewed as preferable.

Impacts of the CSLP

The four aspects of program impacts addressed by the evaluation are: enrolment, timely and successful completion of studies, repayment and defaults and student debt.

i) Overall, the findings around **enrolment** are that:

- CSLP allows some individuals, who would otherwise be unable to do so, to enrol in post-secondary education;

- The lack of sufficient financial resources remains a barrier to enrolment in post-secondary education for some individuals. As well, significant risk exists, under the current program terms and conditions, that the size of this group may expand over time; and,

- The reforms to the Needs Assessment appears to have improved the extent to which the program truly targets individuals in need.

ii) Evidence suggests that the CSLP assists in **timely completion** of at least the early years of post-secondary education. The most important determinant of persistence was how well students were integrated into the social and academic life of their institutions.

Borrowers from private colleges were substantially more likely to withdraw from school within their first period of study than were public college students. While most private college students and many public college students were enrolled in one-year programs, those few who enrolled in two-year programs were less likely than university students to continue on into the second year of the program.

iii) Evidence suggests that the CSLP assist students to complete their studies **successfully** by limiting the amount of time they must devote to work while at school.

iv) For borrowers under the old program, the cumulative amount borrowed had a significant but small impact on the probability of default. However, extrapolation of these results to the higher loan amount which will be incurred under the new program may not be valid.

Earnings are an extremely important predictor of **default** and job volatility is also a significant but a less important predictor of default. Borrowers from colleges, especially from private colleges, are more likely to default than university students. Evidence also exists that the behaviour of financial institutions significantly affects student loan default rates.

v) Growing levels of **student debt** are a major concern. The CSLP estimates that the average debt load of a bachelor's graduate who borrows in each year will be close to $25,000 by 1999 as opposed to the $9,000 level for 1990 graduates.

Alternatives to student debt and default issues

The evaluation addressed two issues (designation of educational institutions and income contingent repayment) which have received much recent attention in terms of their potential as desirable modifications to the current program's design.

i) Current approaches for designation of educational institutions are not satisfactory. Development of processes for **de-designation of institutions** could be troublesome. Within this context, measures of student loan default rates for institutions are a potentially useful indicator for reviewing designation of institutions. However, there are also disadvantages such as administrative burden.

ii) The **Income Contingent Repayment** experience of other countries provides evidence that it can be implemented on a large scale.

Conclusions

The main conclusion from the evaluation of Canada Student Loans Program (CSLP) is that, from an historical perspective, the CSLP has been a good program that has fostered access, choice and perhaps encouraged persistence in completion of post-secondary education.

However, the program, as currently designed, does not appear to be well equipped to perform as well in the future, and evidence suggests that several aspects of the program require special attention:

- Growing level of student debt is a major concern expressed by all stakeholders. It is estimated that the average debt load of a bachelor's graduate will be close to $25,000 by 1999 compare to $9,000 for 1990.

- Interest Relief was underutilized mainly because of a lack of adequate information. Only 35% of defaulters surveyed were aware of the availability of Interest Relief;

- Many students stated that educational institutions (specifically private schools) and lenders do not provide adequate financial counseling and adequate information about their responsibilities, obligations and repayment options with respect to CSLP;

- Borrowers from colleges, especially from private colleges, are more likely to default than university students. Evidence also suggests that student loan default rates are significantly higher for borrowers of some financial institutions than of others;

- The program suffers from serious management information problems which range from a lack of performance indicators, a lack of data on some aspects of the program and a limited facility for electronic data interchange among program's partners;

- The Special Opportunity Grants (SOGS) are a poor fit with the CSLP since they have policy objectives which are quite distinct from the policy objectives of the CSLP;

- While the CSLP has made some progress towards increasing efficiency in delivering the program through harmonization with other partners, much more progress is required. The program must continue to seek further harmonization with the CSLP partners in such areas as designation of educational institutions; communications; needs assessment; information sharing; and, on issues related to debt burden.

Management Response

We agree that the Canada Student Loans program (CSLP) has historically been a good program that has fostered access and choice. Further, we think that the Evaluation has correctly identified they key challenges currently facing the Canada Student Loans Program. These issues are under consideration as part of the reform of the CSLP.

The Evaluation will be shared with lenders, educational groups, and provinces in order that issues which are also of concern to them may be addressed jointly by the federal government and its partners.

The issue of debt is very important and, as part of the reform process, the CSLP is currently examining a number of measures to assist students in avoiding, reducing, and managing debt.

The take-up rates and design of the Special Opportunity Grants are being examined as part of the reform process.

We agree that increased harmonization (in the areas of designation, communications, needs assessment, information sharing, and issues related to debt) is desirable and we are working with provinces towards this goal.

Concerns about the adequacy and targeting of information are being addressed as part of the reform process. A communications expert has been hired by the Learning and Literacy Directorate to develop and implement a communications strategy which will include a significant awareness component.

A federal/provincial working group on designation of educational institutions has been formed to develop more consistent and appropriate policies to deal with concerns around designation and accreditation.

Problems with management information are recognized and the following measures to address them are underway:

- the program is currently working with lenders towards greater use of Electronic File Transfer;
- a reconciliation process is being developed with the provinces for the exchange of information;

- in order to develop better performance indicators and allow for more research, a review of the information needed by the program is underway to define the common elements captured by the provinces; and

- a new, more flexible computer system will be in place for June, 1998.

1.0 Introduction

1.1 CSLP Program Background

Created in 1964, The Canada Student Loans Program (CSLP) is a complex program combining national social policy objectives with private sector participation. The CSLP assists Canadians with demonstrated financial need to pursue post-secondary education and training leading to degrees, diplomas or certificates in programs of 12 weeks or more. Each year, it provides $1.2 billion in loans to over 315,000 students in post-secondary programs at universities, community colleges and private schools in Canada and around the world. The normal program budget is approximately $500 - $600 million annually. (Higher budgets in some years reflect specific factors such as payment of claim backlogs.) The CSLP supplements the student's own resources from employment, academic awards and family contributions.

Student assistance is based on federal-provincial partnerships. In 9 provinces and the Yukon, students receive federal and provincial assistance. Québec and the N.W.T. have opted out of the CSLP and receive alternative payments to operate their own programs. Most provinces have moved away from provincial grants to loans with some small grant components for high-need students. Québec continues to offer significant grants along with provincial loans.

How the CSLP Works

Much of the front-end of the CSLP is delivered by provincial student assistance offices that also administer provincial student aid. Participating provinces: determine individual eligibility for Canada student loans based on federal criteria; assess students' financial needs based on federal criteria; award the aid by issuing a Canada student loan certificate; and, designate institutions which students may attend with CSLP assistance. Parents are expected to contribute to the costs of their children's education until the student has been out of high school four years or in the labour force two years or married or a single parent. Spouses are also expected to contribute.

The CSLP provides 60% of assessed need for each eligible full-time student up to a weekly loan limit of $165. Participating provinces then determine how, and to what extent, they will provide financial assistance. Students take the Canada student loan certificates from the province to private sector lenders which issue the loans. During full-time studies, borrowers receive a full interest subsidy paid by the government to the lender. After leaving studies, borrowers must consolidate their loans, assume responsibility for interest, and begin to make payments within six months. If borrowers experience low income, they may apply for interest relief during the first five years of repayment. In the 1997 federal budget, it was announced that interest relief would be available for up to 30 months.

Borrowers with disabilities who experience financial hardship in repayment may have their debts forgiven. The CSLP also has a small, non-subsidized part-time loans program which now allows students to pay only interest costs during their studies. There are also three federal

grant programs: students with disabilities; high-need part-time students; and women in certain doctoral studies.

Old Financing Arrangements

Prior to 1995, the CSLP provided financial assistance in the form of 100% government guarantees for the loans made by private sector lenders (including the major chartered banks as well as some caisses populaires and credit unions). Lenders financed and disbursed their own loans to students and were expected to service and collect their loans but they had little incentive to do so. The government paid the lenders interest while the student was in studies based on Government of Canada bond yields. Borrowers, consolidating their loans after completing their studies, had up to 9.5 years to repay following a 6 month grace period, at a fixed rate of interest (also based on Government bond yields) with fixed monthly payments. (For loans negotiated prior to August 1, 1993, the interest subsidy continued for 6 months after studies.)

Diligence requirements for lenders submitting a claim were minimal. Generally, lenders were only required to send one registered letter to the borrower's last known address before submitting a claim and receiving full payment from the government. The government would attempt to recover the defaulted student loans using 3 principal collection tools. Virtually all defaulted student loans are assigned to private collection agencies (PCA) for recovery immediately following the payment of the claim. In cases where private collection activity was unsuccessful, the loans were sent to the Department of Justice for legal action. Since 1992/1993, the Department has been setting-off income tax refunds of individuals who were not making regular payments and defaulted on their student loans.

From 1964 until 1995, the majority of borrowers, approximately 80%, repaid in full and on time. Of the remainder, about 13% of all loans would be repaid after some collection activity necessitating government expenditures. The balance of about 7%, represented the program's historical loss rate which resulted in annual claims payments of $150-200 million.

New Financing Arrangements

On August 1, 1995, new financing arrangements for the CSLP came into effect under the new Canada Student Financial Assistance Act through contracts with nine participating lenders.[1]

Under the new arrangements, lenders assume much greater responsibility for servicing and collecting the loans. The contracts are based on the principle of lender risk-sharing and will be in place for a period of up to five years with lenders collectively making loans of over $1 billion each year. In return for taking the risk associated with loans not being repaid, the government will pay lenders a "risk premium" of 5% of the face value of loans at consolidation. The government pays the lender prime-based interest while the students are in school and there is a "put back" option, whereby the lender may return up to 3% of their outstanding portfolio of loans to the government each year. These loans are bought by the government for 5 cents on the dollar and the value of subsequent loan recoveries are shared between the government and the lender.

Participating lenders are required to: disburse loans promptly within a specified period of time; provide service in both official languages; have toll-free telephone enquiry lines; give written notice and annual statements to borrowers in repayment; and, offer financial counselling.

Under the new arrangements, as in the past, lenders do not play a role in determining student eligibility for a loan. All eligible students continue to have access to Canada student loans without reference to past credit history and with no fees charged on the loan while students are in full-time studies. In repayment, borrowers have the option of fixed (lender prime + 5%) or floating (lender prime + 2.5%) interest rates and no maximum repayment period is specified. This provides flexibility to schedule repayments over a longer period than was previously available.

1.2 Scope of the Evaluation

The Evaluation has been guided by ten evaluation issues addressing program relevance, program impacts and program design and delivery. In summary terms, the primary objective of the evaluation has been to examine the following issues:

A. Relevance

1. What is the role of the CSLP in financing students' education? How significant is the CSLP in helping post-secondary education (PSE) students finance their education? Does the in-school interest subsidy continue to be a reasonable approach to student assistance?

2. To what extent do the CSLP eligibility criteria result in students completing their studies in a timely and successfull manner?

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[1] The participating lenders include: Royal Bank of Canada, Canadian Imperial Bank of Commerce, Bank of Nova Scotia, National Bank of Canada, Credit Union Central, Members of L'Alliance des caisses populaires de l'Ontario, Participating Members of La Fédération des caisses populaires acadiennes and some credit unions in Prince Edward Island, Members of la Fédération des caisses populaires de l'Ontario and Members of la Fédération des caisses populaires du Manitoba.

3. Are the Special Opportunity Grants focussed on those groups most in need?

B. Program Design and Delivery

4. Does the new needs assessment methodology provide an accurate measure of students' financial need? Does it target assistance on those who need it most? Is the needs assessment being delivered in a consistent manner across the provinces? How could the process and program delivery be improved?

5. To what extent does the amount of financial aid provided meet the needs of students? Does the needs assessment process continue to be a reasonable way of allocating scarce funds?

6. To what extent has the program succeeded in developing successful partnerships with the provinces, financial institutions and interest groups?

7. What monitoring mechanisms have been put in place to collect information on students and loans? Have the performance criteria been defined? Is sufficient baseline information on the students being gathered? Is additional data gathering necessary to monitor and assess the effectiveness of the revised program?

8. To what extent has there been a modification in the student loan repayment and default rates in recent years and since the new program structure has been in place?

C. Program Success

9. What are the short, medium and long term impacts of the financial assistance on students? What are the impacts of the financial assistance for students on their participation in employment training programs and unemployment insurance? Has the CSLP achieved its objective of promoting access to PSE by needy individuals?

10. What lessons can we learn from the evaluation of CSLP for the design of other training and education programs? What can we learn from student financial assistance programs in other countries?

1.3 Methodology

The report to follow presents a summary of significant findings obtained from multiple lines of evidence. While a summary of each methodology is presented below, each is described in detail in the technical reports on the results of implementing each of the methodologies.

Literature Review. Based on the specifications in the terms of reference and a review of the evaluation issues, six main themes were addressed by the literature review.

Administrative Data Analysis. As with other evaluations, administrative data were used to profile the program. This evaluation also includes the extensive use of administrative data to conduct econometric modelling relating to program impacts and default. Finally, administrative data were used as sources for other methodologies, particularly the survey of borrowers.

Key Informant Interviews. Interviews were conducted with over 40 individuals representing HRDC, provincial governments, educational institutions and lenders.

Focus Groups. The evaluation included 29 focus groups with students, defaulters and lending institutions. Focus groups with students differentiated between borrowers and non-borrowers.

Survey of Defaulters. The evaluation included a survey of 422 students who had defaulted on their CSLP loan. This national survey was based upon a random sample of defaulters.

Survey of Borrowers. The evaluation included a survey of 2,036 student borrowers. The survey was based on individuals who received a Canada student loan in 1995 for full-time studies in the first year of a post-secondary education program. Students who had borrowed in any of the preceding three years and individuals in the first year of university graduatedegree programs were ineligible for the survey. Analysis of survey data provided information relating to evaluation indicators identified in the terms of reference. As well, survey data were used to implement models measuring the impact of the program on student persistence.

1.4 Organization of the Report

The remainder of this report is organized as follows:

Section 2.0 presents the program Profile;
Section 3.0 provides evaluation findings relating to program relevance;
Section 4.0 provides evaluation findings relating to program design and delivery;
Section 5.0 provides evaluation findings relating to program impacts; and,
Section 6.0 provides evaluation findings relating to alternatives to the program's design.

2.0 Profile of the Canada Student Loans Program

This section provides a profile of the CSLP based on program administrative data. The profile addresses:

- program borrowing;
- loan consolidations;
- use of interest relief; and,
- experience with program default.

Note that the data relate only to CSLP and do not incorporate data relating to parallel provincial programs.

2.1 Program Borrowing

Loans totalling an estimated $1.36 billion were awarded in 1995/96 under the auspices of the CSLP to an estimated 338,867 full-time post-secondary students. This represents a growth of 57.6% since 1989/90 in terms of number of borrowers and 127.4% in total amount disbursed.

CSLP Borrowing Activity 1989/90 - 1995/1996 [2]

Loan Year	Number	Average Amount Disbursed	Total Amount Borrowed
1989/90	215,034	$2,787	$599,224,000
1990/91	223,505	$2,863	$639,859,000
1991/92	249,504	$2,998	$747,906,000
1992/93	281,312	$3,010	$846,641,000
1993/94	305,600	$3,337	$1,019,815,000
1994/95	318,863	$3,934	$1,254,291,000
1995/96 [3]	338,867	$4,021	$1,362,710,000

Average amount disbursed increased from $2,787 in 1989/90 to $4,021 in 1995/96, a growth of 44.3%. This is primarily attributable to the increase of $597 in average amount disbursed in 1994/95. Changes to the loan limits in 1994/95 are the likely explanation for that increase. Changes to the needs assessment algorithm in 1995/96 also resulted in substantial changes in the size of the loan awarded to some groups of students. Overall, however, average amount disbursed increased only slightly (by $87) in that year.

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[2] Source: Main Estimates, Government of Canada: Part III Expenditure Plan - Human Resources Development Canada, 1997-98 and 1993-94

[3] Preliminary estimates

2.1.1 Provinces

Nine provinces (all except Québec) and the Yukon participate in the CSLP. Number and percentage of borrowers from each of the 10 jurisdictions was as follows for 1989/90 and 1995/96:

Provincial Participation in CSLP 1989/90 and 1995/96 [4]

Province	1995/96 [5]		1989/90	
	# CSLP participants	% CSLP participants	# CSLP participants	% CSLP participants
Ontario	187,681	55.4%	87,999	40.9%
B.C.	45,538	13.4%	26,379	12.3%
Alberta	38,920	11.5%	36,637	17.0%
Nova Scotia	15,227	4.5%	13,361	6.2%
Newfoundland	15,862	4.7%	10,588	4.9%
Saskatchewan	14,550	4.3%	14,961	7.0%
New Brunswick	10,186	3.0%	11,707	5.4%
Manitoba	9,581	2.8%	10,752	5.0%
Prince Edward Island	1,023	0.3%	2,484	1.2%
Yukon	298	0.1%	166	0.1%
Canada	338,866	100.0%	215,034	100.0%

As can be seen, Ontario accounted for nearly all of the increase in student borrowers during that time period. In several other jurisdictions, the number of borrowers decreased while in others it increased only slightly. British Columbia and Newfoundland are the only other provinces to show a sizeable increase in CSLP borrowers.

Changes to amounts borrowed since 1992/93 vary dramatically across the various jurisdictions (see Table A.1 in Appendix A):

- in 1993/94 average amount borrowed increased by more than $500 in Ontario and Manitoba but changed only slightly elsewhere. In that year, average amount borrowed moved, in both provinces, from well below the national average to virtually equal to the national average;

- 1994/95 - the year in which loan limits were increased - saw very sizeable increases (more than $1,000) in Newfoundland and British Columbia and Saskatchewan. In Nova Scotia, Ontario and Saskatchewan, amount borrowed increased by $500 - $600 on average. Other provinces saw small increases ($300 or less) except New Brunswick where average loan size decreased by $287;

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[4] Source: *ibid*
[5] Preliminary estimates

- 1995/96 - the year in which the new needs assessment process was introduced (except in Ontario) saw virtually no change in the average loan size in most provinces. The exceptions were the Yukon with an increase of nearly $2,000; Newfoundland with an increase of over $600 and Nova Scotia with a decrease of nearly $400.

2.1.2 Age, Gender and Institution Type

Since 1989/90, CSLP borrowers have become somewhat older on average. In 1989/90, 73% of borrowers were under 25 (see Table A.2 in Appendix A for all data referenced in this subsection). By 1995/96, this had fallen slightly to 69%.

The larger number of older students is likely due to larger numbers of college students using the program. In 1989/90, university students were 57% of all borrowers. By 1995/96, this was reduced to 50%. Use of the program by students at private institutions has grown substantially. In 1989/90, 21,588 students from private institutions borrowed under the program (10% of all borrowers).

By 1995/96, this number had more than doubled to 49,163 (15% of all borrowers). The split between male and female borrowers has not changed. Males accounted for about 45% of CSLP borrowing in 1995/96 compared to 44% in 1989/90.

2.1.3 Financial Institution

Prior to the program changes, all of the major chartered banks were involved in the program as well as a number of smaller institutions. After these changes, three chartered banks and some credit unions withdrew from the program.

Number of Borrowers by Financial Institution Before and After Program Changes [6]

Lender	1993/94		1995/96		Change in market share
	#	Market Share	#	Market Share	
Royal Bank	98,484	29.6%	122,987	38.3%	29.2%
CIBC	77,911	23.4%	126,749	39.5%	68.4%
Bank of Montreal	48,011	14.4%	4	0.0%	-100.0%
Bank of Nova Scotia	45,197	13.6%	58,225	18.1%	33.3%
Toronto Dominion	42,279	12.7%	25	0.0%	-99.9%
National	2,939	0.9%	2,960	0.9%	4.2%
Hong Kong	773	0.2%	0	0.0%	-100.0%
Other banks	1,660	0.5%	1,332	0.4%	-17.0%
Credit Unions	11,108	3.3%	5,063	1.6%	-52.8%
Caisses populaires	4,010	1.2%	3,818	1.2%	-1.5%
All institutions	332,372	100.0%	321,163	100.0%	0.0%

[6] Source: CSLP Administrative Data

Subsequent to the program changes, CIBC has increased its market share to a greater extent than the other partners and in 1995/96 was the most active lender.

2.2 Loan Consolidations

Within six months of individuals leaving a post-secondary institution, their loans are consolidated.

In 1995/96, the total value of loans consolidated was $1.3 billion - double the value in 1989/90. The increase was due to increases in both the numbers of loans consolidated (51.5%) and the average loan size (32.3%).

Loan Consolidations 1989/90 - 1995/96 [7]

Loan Year	Number	Average Consolidation	Total Consolidation
1989/90	109,870	$5,848	$642,520,000
1990/91	110,498	$6,053	$668,830,000
1991/92	114,292	$6,051	$691,590,000
1992/93	125,730	$6,243	$784,950,000
1993/94	132,337	$6,440	$852,240,000
1994/95	151,050	$6,923	$1,045,700,000
1995/96	166,437	$7,739	$1,288,100,000

2.3 Interest Relief

The program includes provisions whereby borrowers who are having difficulty meeting payments may apply for Interest Relief. When granted, Interest Relief is provided for a three month period. Individuals can reapply for extension of this benefit up to 36 months. Prior to the 1997 Federal Budget, Interest Relief was available for a maximum of 18 months.

Use of the Interest Relief provisions has grown somewhat more over the years than use of the program. According to Main Estimates data, 22,998 individuals were accepted into Interest Relief in 1989/90. This increased to 47,724 by 1995/96, a doubling of participants. This compares to a growth in loans consolidated of just over 50% during the same time period.

Prior to the new provisions announced in the 1997 federal budget, Interest Relief was available for a maximum of 18 months. Most recipients of Interest Relief have received it for six months or less:

[7] Source: CSLP Administrative Data

Duration of Receipt of Interest Relief [8]

Months of Interest Relief	Number of Recipients	% of Recipients
Up to 3 months	45,295	28.1%
Up to 6 months	41,750	25.9%
Up to 9 months	24,727	15.4%
Up to 12 months	16,398	10.2%
Up to 15 months	10,408	6.5%
Up to 18 months	22,483	14.0%
Total	161,061	100.0%

2.4 Default

Prior to program changes, all loans were guaranteed by the program. After exercising due diligence, as defined in program terms and conditions, lenders were able to submit claims for non-performing loans. Experience over the years has indicated that most claims (about 90%) occur within three years of the consolidation. The program has adopted the convention of calculating default rates based on the first three years after consolidation. The default rate for a given year is defined as the ratio of loan principal claims relating to that year to the aggregate amount of all loan consolidations occurring in that year.

Calculation of default rates for a given year thus involves a delay of three years plus an additional delay to ensure that all claim transactions have been received and processed.

Default Rates by Type of Institution 1987/88 - 1992/93 [9]

Loan Year	University	Public College	Private College	All Institutions
1987/88	9.2%	24.3%	34.7%	14.6%
1988/89	8.9%	24.8%	35.8%	14.3%
1989/90	9.1%	26.2%	37.4%	14.7%
1990/91	9.6%	27.2%	38.5%	14.9%
1991/92	9.8%	27.9%	41.1%	15.6%
1992/93	9.6%	27.4%	39.1%	15.5%

Overall, default rates have increased slightly over time. The size of the increase is greatest for private college borrowers for whom default rates were already higher than other borrowers.

[8] Source: CSLP Administrative Data

[9] Source: CSLP Administrative Data

3.0 Relevance of the CSLP and its Provisions

One of the key aspects examined by the evaluation is the relevance of the CSLP objectives and the consistency of the program's activities with these objectives and their intended impacts. More specifically, the following issues are addressed in this section:

- the importance of, and need for, the CSLP in financing post-secondary education;
- whether there continues to be a rationale for the CSLP approach to student assistance;
- the relevance and effectiveness[10] of criteria relating to timely and successful completion; and,
- whether the Special Opportunity Grants are focused on groups most in need.

As well, complementary information pertaining to these issues is presented in Chapters 4 (in terms of whether desired impacts and effects are being achieved) and Chapter 5 (in terms of the appropriateness and effectiveness of current design and delivery).

3.1 Role of the CSLP in Financing Post-Secondary Education

Overall, the relevance of government financial assistance to post-secondary students remains high since:

- *the CSLP and related assistance from provincial governments are heavily used by post-secondary students;*
- *assistance received from governments constitutes a large share of the financial resources of current CSLP borrowers;*
- *a large majority of current borrowers consider the support received as vital to their ability to pursue post-secondary education; and,*
- *post-secondary graduates experience above-average success in the labour market.*

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[10] Effectiveness is addressed in Chapters 4 and 5

Each of the above points are supported below.

The CSLP and related assistance from provincial governments are heavily used by post-secondary students.

Data from Statistics Canada and CSLP administrative data indicate that a large share of students in full-time attendance at universities avail themselves of the Canada Student Loan Program[11]. For example, in 1993-94 there were 173,894 CSLP borrowers (40%) out of a total full-time university enrolment of 436, 564.

Assistance from government constitutes a large share of the financial resources of current CSLP borrowers.

For student borrowers from all three types of institutions, student loans[12] accounted for, on average, more than 50% of their total financial resources:

Revenue Source	Public College	Private College	University
TOTAL REVENUE - All Sources	$9,182	$14,131	$9,161
% from student loans	56.3%	58.1%	58.7%
% from all other sources	43.7%	41.9%	41.3%

Source: Survey of Borrowers

A large majority of current borrowers consider the support received as vital to their ability to pursue post-secondary education.

Respondents to the Survey of 1995 Borrowers were emphatic that availability of a student loan was a critical factor in their decision to enrol in a post-secondary institution. Overall, an estimated 78% of CSLP borrowers would not have enrolled if they had not received a Canada Student Loan. Attendance at a private college appears to be especially dependent on the availability of a student loan with 87% indicating that they would not have enrolled if they had not received a Canada Student Loan (as compared to 78% of public college students and 69% of university students).

Post-secondary graduates experience above-average success in the labour market.

Data from Statistics Canada indicates that both women and men benefit from post-secondary education in terms of lower unemployment rates and higher earnings:

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[11] Data on total enrollment for community and private colleges is not available

[12] This includes loans from provincial governments. Typically, CSLP provides 60% of the student loan although variations exist among the provinces

Unemployment by Educational Attainment, 1995, Women and Men

Educational Attainment	Women	Men
Less than Grade 9	14.8%	15.1%
Some secondary	15.0%	15.4%
High school graduate	9.4%	9.6%
Some post-secondary	9.6%	10.6%
Post-secondary certificate or diploma	7.6%	8.1%
University degree	5.4%	4.6%
Total	9.2%	9.8%

Source: Statistics Canada, Catalogue No. 71-220-XPB, February, 1996

Average Annual Earnings, by Educational attainment, 1995, Women and Men

Educational Attainment	Women	Men
Less than Grade 9	$14,037	$22,631
Some secondary	$11,723	$21,928
High school graduate	$18,887	$28,544
Some post-secondary	$15,047	$23,656
Post-secondary certificate or diploma	$21,514	$33,148
University degree	$32,489	$47,610

Source: Statistics Canada, Catalogue No. 13-217-XPB, January, 1997

3.2 Rationale for the CSLP Approach

Overall, the loan financing approach with an in-school interest subsidy continues to be regarded as a viable approach for the federal government. Nevertheless, the high levels of debt that will be incurred by future graduates are a serious concern with respect to this approach.

The key informants interviewed were supportive of the continuing use of loans primarily because of the increased leverage provided. The approach was also recognized as reasonable in the context of scarce financial resources available to all levels of government.

Key informants also felt that it was important that the federal government remain involved in promoting access and mobility for post-secondary education. The CSLP allows the federal government, within its jurisdiction, to support both of these goals. Nevertheless, growing concerns about future debt levels of today's borrowers are common. Consequently, recent decisions to extend the eligibility period for Interest Relief and better promote this aspect of the program were well regarded by key informants. The improvements to Interest Relief are generally regarded by our informants as a potentially effective tool against the risk of higher default rates associated with higher levels of debt.

However a second potential consequence of higher debt is that individuals *may* find it necessary to delay major events in their life. Key informants suggested other possible refinements to current approaches which they felt might need to be considered to address this aspect of debt burden:

- replacement of loan limits with debt limits[13];
- partial loan remission (based on success and/or need);
- access of borrowers to financial counselling; and,
- income contingent repayment (see Section 6.2).

However, while there was a strong consensus on the seriousness of increasing debt burdens, no consensus existed as to appropriate remedies. Moreover, past research described in the literature review provides evidence that other (more expensive) approaches (e.g. grants; tuition reductions) are more effective at encouraging post-secondary enrolment than loans but fail to provide evidence on the relative cost-effectiveness of the various approaches.

3.3 Timely and Successful Completion

3.3.1 Timely Completion

One of the original goals of the CSLP was to assist students to complete their studies in a timely and successful fashion. The program was designed to do this by providing a low cost and universally available avenue to financing for students in need.

The 1995 program redesign sought to go beyond assisting students to pursue timely completion to *encouraging* timely completion. The form of this encouragement is that individuals would lose their program eligibility if they required more than one year beyond the normal time requirement for the program they enrol in. For example, individuals in a four year degree program would only be eligible for five years of assistance to complete that program.

The rationale for assisting students in the timely completion of their studies in general, remains strong. However, the rationale is not appropriate for every case.

Assisting students who might otherwise require longer amounts of time to complete their studies offers benefits to students. Primarily it allows them to enter the workforce (with their desired qualifications) more quickly. It is also generally believed that it reduces the risk of non-completion.

Timely completion is also important since one of the major costs of the program is the in-school interest subsidy. The longer students are engaged in full-time study, the longer the government must pay the interest on the students' loans.

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[13] With a debt limit system, applicants financial assistance would be based on assessed need without regard to annual loan limits. Individuals who exceeded the debt limits would continue to be eligible for financial assistance but financial aid beyond the debt limit would be forgiven.

However, as described to us in the focus groups, some students perceive that timely completion is not appropriate for them. There are a number of reasons:

- students with children or with other significant responsibilities may benefit from reduced course loads for at least some part of their post-secondary education. However, even with these reduced course loads they may still require financial assistance;

- students are increasingly aware that while potential employers demand minimal educational achievement, they also highly value working experience. These students, as well as many experts in school to work transition, expect that their eventual transition to the labour market will be easier if they have some working experience; and,

- unless loan limits are increased, increasing numbers of students may have to take time off from school or attend part time in order to fill the gap between the loan limits and their assessed need.

3.3.2 Successful Completion

The importance of successful completion as a target for the CSLP is strongly supported by labour market statistics for individuals with some post-secondary education.

The two tables in Section 3.1 support this finding. Unemployment among individuals whose highest degree of educational attainment is 'some post-secondary' is virtually identical to individuals who have completed high school. Moreover, average annual earnings of individuals with a post-secondary certificate or diploma is substantially higher than those with incomplete post-secondary education.

3.4 Special Opportunity Grants

The program includes Special Opportunity Grants (SOGS) for qualifying students with permanent disabilities (up to $3,000 per year) and women in certain doctoral programs (up to $3,000 annually for a maximum of three years), and high-need part-time students (up to $1,200 per year).

Special Opportunity Grants are a poor fit with the Canada Student Loan Program.

The three SOGS have policy objectives which are in themselves quite distinct from the policy objectives of the CSLP.

Key informants stated that there appears to be no accountability on the part of the CSLP for this component (SOGS), and the component is left to the provinces to administer. Reporting requirements for this component have not been established with the provinces and little in the way of information is exchanged. At the time of our interviews, informants stated that there

was little in the way of a marketing or communications strategy that is focused upon the target groups for this component. The program was announced and there was not sufficient follow-up.

Overall, provincial representatives consider that SOGS are under-utilized and would prefer to see resources put towards debt reduction for the general population of CSLP borrowers. National Advisory Group on Student Financial Assistance[14] (NAGSFA) representatives also questioned the priority of these initiatives.

While our informants generally considered SOGS a low priority area, this is a natural perspective for individuals whose primary responsibility is to ensure that resources are delivered to those in greatest need while maintaining adequate control of public funds. Since this is not the policy objective of the SOGS (especially those for women doctoral students), our informants were unsympathetic with these initiatives.

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[14] NAGSFA was established in 1987 to provide a means for the government to hear the views of student associations, educational organizations and associations of financial institutions on the policies and practices of federal financial assistance to post-secondary students.

4.0 Program Design and Delivery

The evaluation examined, in the context of appropriateness and effectiveness, various aspects of the CSLP's design and delivery. Specific areas addressed include:

roles and responsibilities. The evaluation examines the extent to which roles and responsibilities are defined, the extent of overlap and duplication and, the extent to which there is information sharing;

interest relief. The primary focus in this section is the extent to which borrowers are aware of the availability of interest relief and the resulting impact on the utilization of this program feature;

communication with students. The evaluation examined the extent to which satisfactory communication was taking place with students by the partners in the CSLP;

needs assessment methodology. The evaluation examined the extent to which the revised needs assessment methodology targets those most in need of financial assistance;

performance measurement and information systems. This section examines the extent to which satisfactory performance measures exist for the CSLP and the role of the program's information systems in supporting the development of meaningful performance measures;

responsiveness to students. The evaluation examined the extent to which the program's design and delivery systems were responsive to the actual beneficiaries of these systems - the students; and,

other issues. Issues addressed in this section includes the effectiveness of timely completion provisions of the program; problems associated with transition to current program provisions; and, issues associated with part-time student loans.

4.1 Roles and Responsibilities

Roles and responsibilities, in general, are well defined for partners in the Program and appropriate given the positive experience of all parties with respect to student loans. Cooperation and harmonization among the parties has improved but there continues to be opportunity for improvement.

In general terms, most of the key informants stated that the roles and responsibilities were well defined for the CSLP. However, some program staff felt that if the roles were better defined, information exchange would flow much better.

At present there is limited communication between the banks and provincial governments. There is also much duplication in that the same information is captured many times. According to program staff, additional resources will be required to improve information sharing but allocation of such resources will need to be accompanied by a high degree of cooperation among the various partners. Since all parties see the benefits, this cooperation would appear to be achievable.

Harmonization

All parties see benefits from harmonization and are disappointed with the progress that has been achieved to this point in time.

Program staff stated that in terms of duplication, there are 2 loans, 2 sets of certificates and 2 contracts with lenders and there is potential to eliminate duplication by creating one loan product. This has been tried but it was not possible to come up with a solution (loan product) that would satisfy all provinces.

From the point of view of provincial representatives, duplication occurs in the: production of separate loan certificates (should be only one loan certificate and whether the province or federal government pays should be treated separately); production of information products, brochures, posters, etc. (not adaptable to individual provinces); and, there is duplication on interest relief. The separate documents are confusing for students and should be harmonized in their view.

Several NAGSFA members expressed disappointment with the progress towards harmonization. CSLP is seen as a very complicated program and they have obtained feedback to the effect that students are frustrated by the volume of documentation and the complexity of the system.

Representatives of financial institutions noted that there has been a major improvement since August 1995, in the relationship between lenders and the CSLP. However, the program remains too complex, in their view, and the two levels of government need to simplify the program. As well, there is a lack of communication between the education institutions and the lending institutions. The lending institutions need to hear, first hand, what problems are being experienced by the education institutions.

Information Sharing

Current approaches to data handling and information sharing are a significant barrier to improved cooperation.

While in general terms the program works well according to program staff, the data systems (see Section 4.5) could be more efficient. Changes to the program have come about very quickly and funding for the accompanying and necessary systems changes has beenscarce.

As well, systems resources have been under further pressure as technological advancements have opened up new, appealing options for data exchange among the partners. This creates a real challenge and limits the ability to build better interfaces with other stakeholders. All parties identified the potential for information sharing and Electronic Data Interchange (EDI). However, current program approaches to handling administrative data and a lack of resources to develop new systems are a major barrier as noted by program officials, provincial officials and representatives of financial institutions.

Representatives of financial institutions noted that, at present, the program (and the Provinces) have different views from lenders as to what is appropriate technology and the requirement to keep original documents.

4.2 Interest Relief

Interest Relief was underutilized under the old program.

The goals of the Interest Relief program are:

- to assist individuals who experience temporary difficulty in making the school to work transition or who, for other reasons, experience short term repayment difficulties; and,

- to reduce the incidence of student loan default.

From the defaulter's focus groups (virtually all of whose participants borrowed under the old program), several respondents experienced problems related to Interest Relief. Less than 50% of participants were even aware that this existed. Several respondents indicated that they applied for Interest Relief and then never heard whether or not it was accepted. Also, several respondents indicated that they were never informed of any changes in the status of their loan with regard to Interest Relief (i.e., did not receive a notification of expiry from the bank). In other cases, students re-applied for a second term and never heard back from the bank or the program. The above students assumed everything was fine until the day they were contacted by a collection agency and were informed that they had defaulted on their loan. By then it was too late to reverse their default status. In the survey of defaulters, only 35% of defaulters were aware of the availability of Interest Relief.

As well, many of our informants expressed the point of view that lenders were negligent in informing borrowers about Interest Relief under the old program.

Revisions made to Interest Relief; increased publicity; the new partnership with lenders; and, increasing debt levels are all expected to increase the use of Interest Relief.

New provisions for Interest Relief came into effect in 1997 and have received a high degree of publicity since they were packaged with other initiatives directed at post-secondary students.

The new relationship with lenders is generally viewed as reversing the incentive structure from one where lenders lost (or, were, at least, inconvenienced) if their clients availed themselves of these provisions to one where lenders are likely to benefit. Finally, increasing debt levels are likely to increase the potential market for these provisions as more and more borrowers experience repayment difficulties.

A possible unintended effect, as outlined in the literature review, is that if the program is accessed unnecessarily, specifically if individuals delay paying their student loans, those individuals will bear the negative consequences of having a high debt load carried over a longer period of time. These consequences could include delay of lifestyle purchases (e.g. housing and transportation) or having cumulative debt loads that are difficult to manage in the event additional borrowing is undertaken.

It is too early to determine whether the changes introduced will allow this component of the program to better achieve its goals.

4.3 Communication with Students

The findings for this sub-section have been grouped by their primary relationship to educational institutions, lending institutions or the CSLP administration.

Educational Institutions

Many students stated that education institutions in general and specifically private schools could do a better job of providing financial counselling and informing students of their responsibilities and obligations with respect to CSLP loans.

According to NAGSFA there is a need to provide financial counselling to students. No one is assuming this responsibility at present. Financial aid offices in the academic institutions are well placed to do this, but they lack the required resources. Lenders contend this should be a federal responsibility yet according to the program's contract with lenders, this is clearly a responsibility of the lenders.

Information pertaining to borrowers' responsibilities, repayment procedures and, existence of interest relief was lacking according to a significant proportion of those participating in the defaulters' focus groups. The existence and availability of this information appears to be a more serious problem for students of private institutions. Several participants learned of the requirement to consolidate their loan, the need to send a Schedule 2 to their lender, or the availability of Interest Relief during the focus group session. The level of knowledge and awareness of information regarding such elements of the program are very inconsistent across the population of borrowers.

Several students (from the defaulters' focus groups) enroled in a private school felt that they are not well informed by their school on matters pertaining to repayment. As an illustration,

students from private institutions requesting more information from their student financial aid office with regard to re-payment terms have been told "don't worry about that now, you will pay it later once you complete your course and get a job".

According to respondents from the defaulters' focus groups, academic institutions should be made responsible for providing students with adequate information on their responsibilities with regard to repayment, preferably near the time of completion of studies or upon a student discontinuing a program.

The majority of students who participated in the borrowers' focus groups, consider that they had limited information about the program at the time they applied for a Canada Student Loan. In terms of gaps in information, students identified the need to have more information on the treatment of student income and its impact on the CSLP loan i.e., how much were they allowed to earn; more information on the changes made to the program in 1994 and 1995; and, more information on student financial assistance available from the provinces.

According to respondents from the borrowers' focus groups, educational institutions play an important role in providing "front-end" information relating to the application for a Canada Student Loan. At present, borrowers rely heavily on information provided by other students.

When borrowers (survey of borrowers) were asked how satisfied they were with the information and services obtained from the student aid offices, 70% responded that they were very to mostly satisfied.

As well, CSLP loan defaulters (survey of defaulters) were asked their degree of satisfaction with the information and services they received at the student aid office when they applied for and were awarded a Canada Student Loan. Nationally, 71% of respondents were either very satisfied or mostly satisfied. More public college students felt this way (76%) than university (66%) or private college (64%) students.

Regionally, Atlantic students were far more satisfied (84% were satisfied or very satisfied), than their counterparts in Ontario (73%), British Columbia (64%) or the Prairies (59%). Of the 15% who were mostly or completely dissatisfied, the most frequently cited reason for this dissatisfaction stemmed from a lack of communication or a poor explanation of details (64% of dissatisfied respondents).

Lending Institutions

The extent to which lenders had developed and implemented a communications strategy varied widely across lending institutions. Information pertaining to the availability of interest relief is not typically made available to those who require it. Students also stated that lending institutions should provide better information pertaining to CSLP repayment options and personal financial management.

From the interviews with lenders, one respondent stated that they do not have a specific information strategy as their lending institute was very close to its clients and information was not a problem. Another respondent also stated that they did not have a strategy because they had placed all of their emphasis to this point in time, in developing the administrative systems required to support the program.

One lender stated that students receive an annual statement detailing the amount of outstanding loans from their lending institution. Then, prior to their scheduled school end date, students receive up to 3 notices informing them of the amount owed and, expected payments. Students are also given a 1-800 number for any questions they may have and, are told that they can go to any branch for inquiries of a general nature. If the lender still has not heard from the student, they are then sent a notice that payment is required.

Another lender indicated that their institution regularly uses CSLP material as well as material produced by the province to communicate with students and train their personnel. They have automated correspondence to students (e.g., request for information on the student's plans to return to school in the fall) and students now get an annual statement providing details of their student loan.

Several students from the borrowers' focus groups stated that they refuse to use the telephone information services offered by the program and the lenders as they have been told not to bother by other students who have had negative experiences using these services. When borrowers (survey of borrowers) were asked how satisfied they were with the information and services obtained at the financial institution, 74% responded that they were very to mostly satisfied.

Fully 95% of respondents (survey of defaulters) stated that they understood when they received the money from the financial institution that it was a loan that they would be expected to repay. When asked if they understood that they would be expected to start repaying their loan within six months of leaving a post-secondary institution, 82% of respondents replied that this was their understanding. This understanding was slightly lower among British Columbia residents (73% versus 80%-84% for other regions) and private college attendees (74%, versus 82% for public college and 87% for university attendees).

Slightly more than one third (35%) of respondents (survey of defaulters) were aware that Interest Relief is available for some individuals who are unable to make payments under the Canada Student Loan Program. Further, this knowledge was more prevalent among university (43%) and private college (41%) students than public college (32%) students.

Of those who knew about Interest Relief, almost one half (47%) found out about it from their financial institution, 19% found out from family or friends, 10% found out from a pamphlet, 5% found out from school officials and, 2% found out from a government agency.

Respondents to the survey of defaulters were asked about their degree of satisfaction with the information and services they received at the financial institution which provided the funds. The distribution in satisfaction levels was similar to that with the student aid office. Sixty-six percent were very or mostly satisfied, while 17% were mostly or completely dissatisfied. Financial institutions in the Atlantic region scored higher in satisfaction (77% of respondents were satisfied or very satisfied) than their colleagues from Ontario (68%), the Prairies or British Columbia (both 61%). College students expressed a higher degree of satisfaction with financial institution information and services (public: 70%; private: 67%) than university students (63%). The most commonly cited reason (67% of dissatisfied respondents) for dissatisfaction was the lack of information on personal financial management and repayment requirements.

The majority of students (80%) responding to the survey of borrowers stated that they were very satisfied or mostly satisfied with the information and services of the financial institution from which they received the authorized loan. Reasons given for dissatisfaction included: not provided with enough information (15% of dissatisfied respondents); and, lenders were very poor at explaining repayment process (11% of dissatisfied respondents).

CSLP Administration

Information provided to students is not well focussed. There is too much information for a student population that is already suffering from information overload and available information does not adequately deal with student specific problems.

Several respondents from the borrowers' focus groups claimed that there is so much information provided, they do not bother to read any of it. Less information, more to the point would help to avoid students suffering from "information overload".

Access to institutional sources of general and student-specific information is severely inadequate according to most respondents from the borrowers' focus groups. Students indicated that they often received contradictory information among and/or within the institutional sources of information.

When students were asked in the survey of borrowers about how satisfied they were with student aid officials, 72% respondent that they were either very satisfied or mostly satisfied. Reasons given for **dissatisfaction** included that they weren't given enough information about grants/bursaries/loans (19% of dissatisfied borrowers); and, student aid officials were very poor at explaining (17% of dissatisfied borrowers). However, caution is required when interpreting this information. The term student aid official was interpreted in a very broad way by respondents and could include personnel located in academic institutions, provincial officials as well as personnel within the program's administration.

4.4 Needs Assessment Methodology

The Revised Needs Assessment methods are generally viewed as providing a more accurate assessment of student needs thereby ensuring improved targeting of funds. Nevertheless some weaknesses continue to exist and some assumptions contained in the methodology (e.g. parental contributions) create hardship for individuals for whom those assumptions are invalid.

While no new evaluation of needs assessment procedures was undertaken, the literature review assessed the small number of existing documents on the subject. Those documents indicate progress on harmonizing procedures on some issues but not on others. For example, the treatment of parental assets remains an unresolved issue. Should farm assets that are not liquid be counted as resources that might be made available to students? If so, farm families might bear what seems to be an unreasonable burden. Should family savings be counted as a resource to be "taxed" in support of a student? If so, that "tax" would imply that a family that failed to save would be eligible for higher levels of student assistance than an otherwise similar family that saved more.

While the Bennecon Report discussed the treatment of parental assets at length, little progress toward reform seems to have been made by the federal-provincial taskforces. In 1991, the treatment of parental assets was determined by provincial authorities, which implied different aid eligibility for students who were similar except for their province of residence. That horizontal inequity was left unchanged in the 1995 Policy and Procedures Manual which simply notes (p. 3-20) that:

Parents of dependent students may be assessed a contribution from parental assets at the discretion of the appropriate authority [provincial or territorial agencies].

Provincial officials and NAGSFA representatives generally viewed the revised Needs Assessment Approach as a major improvement on past practice. Nevertheless, these officials (and student borrowers) noted two types of problems which limit the program's targeting to individuals most in need:

- identified need cannot always be met due to the loan limits; and,
- the needs assessment is not always accurate. Problems and suggestions identified by these officials included:
  - the arbitrary calculation of parental contribution does not allow appropriate treatment of special circumstances. Provinces, in their view, require greater flexibility regarding treatment of parental contributions;
  - the assumed minimum contribution of students themselves is based, in the view of some officials, on unrealistic assumptions regarding earnings[15]. It was felt that many students work a smaller number of hours than is assumed;

[15] Assumed earnings are 32.5 hours times the provincial minimum wage for the number of weeks in the pre-study period

- the needs assessment does not take into account previous debt and/or the standard of living of mature students; and,
- insufficient daycare allowances are provided for students with children.

Students in focus groups noted the same points and were particularly emphatic on the inappropriateness (in their view) of an assumed parental contribution. Some students noted that they are required to help support their parents (due to circumstances not considered in the needs assessment process) and the program assumes that their parents are contributing to their education. Students were also concerned that medical and dental expenses were not adequately addressed.

The issue of assumed parental contributions noted above cannot be fully addressed via our evidence. As noted, participants in borrower focus groups and provincial government representatives have stated that the assumed contribution does not take place for many individuals. Evidence from our Survey of Borrowers provides some support for this contention since actual parental contributions are, on average, a small proportion of reported financial resources (5% for public college students; 4% for private college students; and, 9% for university students). While these average parental contributions appear quite low, we did not have access to the needs assessment data for the individuals in our survey so we are unable to say if they are lower than the program assumes.

Both provincial officials and student borrowers (in focus groups) also raised questions about the accuracy of the information used in the needs assessment. Two difficulties were identified. First, students must often estimate quantities such as summer earnings and it was often impossible for them to provide accurate assessments. Second, both students and provincial officials were concerned that some students deliberately provide false information. Both groups favoured an increase in the extent to which audits are conducted. In the student focus groups where this was discussed, no one had ever heard of a student's application being audited.

4.5 Performance Measurement & Information Systems

While the program's monitoring systems allow for reporting of general information to Parliament, standard performance measures have not been developed for the program.

According to program staff, in order to understand the Monitoring System or the lack thereof, there is a requirement to understand the systems context in which information is maintained and processed. The data base language was designed in the 1960's and is based upon COBOL. It is slow to run, difficult to support and does not allow the implementation of newer data mining techniques. This capability is augmented by a number of desktop systems which are good but are not linked or coordinated.

At present, standard program performance measures are not used and there is no ongoing management reporting system. All reporting is provided as a one-off report. In terms of data quality, there are very few good edit checks built into the system and a lot of errors occur at the inputting stage. For purposes of policy analysis the data base is very difficult to keep current.

Longitudinal analyses are difficult because historical files are maintained on tape and the fact that in the past when data fields were not seemingly used, other than intended data ended up in these fields. This requires that a lot of editing be performed before these types of analyses can be undertaken. As well, the current system is limited in that not all necessary information is captured and additional data fields cannot be added to the file structures. Having said this, the monitoring systems do allow reporting to Parliament of such information as number of loans; value of loans; monies payed to banks; and, other general information. Education is a provincial responsibility and the program relies on the provinces to provide information. At present there is not much capacity to monitor the program's performance and the situation is made even more difficult with Ontario not utilizing the program's new needs assessment methodology until 1997, which is a significant source of information.

Some provinces stated that they have good cross-sectional data and detailed demographic breakdowns. They know who's getting what but have some difficulty with longitudinal data. Some provinces also stated that they were unable to develop the required computerized systems and therefore are not able to provide the data sets requested by HRDC.

When provincial representatives were asked what performance measures they do or would use, responses included: turn-around time (i.e., number of weeks) required for the processing of applications, appeals and other cases; volume of telephone enquiries (if volume increases this suggests information is lacking from brochures, pamphlets, student financial aid offices and lenders); volume of complaints; volume of appeals; volume of errors corrected; number of students served; average student award; percentage of students graduating; student placement rates; percentage of total student population receiving maximum award (re: potential for unmet need); detailed profile of assistance provided; and, quality of service measures.

In terms of performance data related to program reforms, provincial representatives stated that they: require additional data on student debt levels; don't have good loan re-payment data; would like to have information on the impact of grant and loan remission on the completion of studies in a timely and successful manner; require additional data on the potential impact of a 5% premium paid to lenders; should have statistics on the number of courses taken by students; would like to have more data pertaining to student persistence, and the successful completion of studies; and, they require more data to determine the extent to which the program is needs-based (e.g., parental income and student demographics).

4.6 Responsiveness to Students

In this section, we address the last aspect of service - the extent to which the system responds to individual situations or circumstances.

Overall, the CSLP is characterized by rigid regulations rather than responsive processes.

There are numerous examples of rigidity.

Disbursement of Money

Under the Canada Student Loan Program, the student has no control over when they receive their money. In our focus groups, some individuals indicated that they would prefer to receive their funds in negotiated periodic installments but that this was not possible. By requiring the lenders to disburse all funds when a certificate is provided, the program has failed to take advantage of the expertise of their partners in assisting clients with money management. Many students recognize their lack of expertise in this area but the system does not allow them to safeguard themselves against premature spending of essential funds.

Needs Assessment

Living Arrangements and other Special Needs

CSLP effectively dictates the standard of accommodation in which needy students must live. Some mature students find this quite unacceptable and fail to understand why they cannot be provided with a larger loan and make their own choices. Of course, given the potential impact on the growth in program expenditures and the risks to borrowers associated with accumulating high levels of debt, this is a complex matter.

Assessment of Financial Resources

The assessment of resources contains a great deal of arbitrariness. Parental contribution is the most obvious example. The Needs Assessment assumes a certain level of parental contribution whether this occurs or not. The biggest difficulty with this relates to the imperfection of the algorithm which relies on parental income and family size. However, two families of the same size and with the same income may have quite different resources available to them. And, of course, the two families may have different degrees of willingness to contribute to their child's education. The system responds poorly to such situations although exceptional cases may be addressed through the appeal process. Some
provincial officials noted that increased flexibility for provincial officials, in this matter, would be beneficial.

The majority of participants in our focus groups disagreed with the program's policy with regard to the treatment of parental income. Several respondents stated that it is a mistake to assume that parents are able or actually willing to help their children with their post-secondary education. When parents are not willing to help (for instance the parents do not want to liquidate some of their assets or draw from their retirement savings) the students are obliged to go through a lot of hardship to get a loan. A number of individuals noted that while their parents have relatively high income, they also have high financial obligations which hinder their ability to contribute.

According to several respondents, the needs assessment process does not allow for the consideration of obligations other than the number of dependents in the household.

Lack of Transparency of Appeal Process

Students have limited understanding of how the appeal process works and what they can expect from it. They fill in a form and eventually a decision comes back. Students in our focus groups generally believed that the appeals process does not work as it does not allow them to adequately demonstrate need.

Lack of Processes to Update Information

As previously described, student borrowers in our focus groups and provincial officials both identified concerns about the accuracy of information used in needs assessment. Students indicated that they do not always understand what information is requested and when they make enquiries to ensure that they are filling the form in the correct manner, they have the impression that the resource person on the other end of the line is "trying to get them off the phone". Students also noted that attempts to notify the student aid office or their lending institution of any significant change in their status are treated in a similar manner.

4.7 Other Issues

4.7.1 Effectiveness of Timely Completion Provisions

The existing mechanisms to encourage timely completion are likely ineffective.

According to some program staff, there is doubt that the criteria (which has existed since the beginning of the program) requiring a 60% course load and completion in years of study plus 1 year will lead to timely completion. In their opinion timely completion requires an 80% course load (this is a requirement in Quebec). However, there are still problems where courses are not available and there is a real need by students to work part-time. It was also noted that the program changes were introduced only two years ago and it is impossible to be certain of their effectiveness.

4.7.2 Transition to the Revised Program

The transition to the revised program was awkward and continues to provide problems.

Program staff stated that from an administration point of view the program changes present a number of difficulties. For example, there are different regulations applying to pre 93'; pre 95' and post 95' periods and there are active accounts for each of these periods. In their view, the changes in 1995 were substantial enough that a new program should have been created and all "old" programming delivered by a distinct administrative entity. The regulations for the CSLP are complex and difficult to work with and having to work with more than one set of regulations and procedures exacerbates these difficulties. One person year is fully dedicated to training

staff and advising lenders about the program. As well, the problems created by these changes were compounded by the short time allowed for implementation - the announcement of the revised program was made in August, 1995 for implementation in September.

Looking forward, the most troubling aspect relates to individuals with a mixed loan (i.e. part borrowed pre-1995 and thus guaranteed and, part borrowed in 1995 or later and not guaranteed) who experience repayment difficulties. An incentive will exist for lenders to submit a claim for the guaranteed portion while pursuing collection for the non-guaranteed portion. To the extent that this happens, the ratio of recoveries to claims may be lower than traditional norms. An additional risk relates to the uncoordinated attempts at recovery.

A defaulter may be dealing with three collection attempts (lender for non-guaranteed portion; collection agency for federally guaranteed portion; and, collection agency for the provincially-guaranteed portion). The resulting inefficiency would not appear to be beneficial to the partners and may be a major irritant for defaulters - at least some of whom may be perfectly willing to repay all parties as their resources allow.

4.7.3 Part-time Student Loans

Part-time student loans are used in a very limited way and are generally viewed as an administrative nuisance which is not responsive to the needs of students. Accommodation of needy part-time students within the standard system is generally viewed as preferable.

Program staff stated that, initially loans to part-time students were created to help with their cash flow, however, this is not the current case. For single mothers, the relatively small amount of money that results from this program may be very significant according to these officials. Outside of this target group, the impression is that the program is not working. Informants believe that most of the students receiving part-time loans are actually enrolled in full-time studies and the default rates for these borrowers are quite high.

Most provincial representatives stated that there was a very low take-up for part-time loans e.g. 175 for Nova Scotia as opposed to 19,000 full time loans and, the numbers were very low in other provinces as well. However, some respondents expected more take-up by part-time students as awareness increases.

Most lenders stated that the market for loans to part-time students is either too small or unknown. In any event, the demand is too low to justify the investment in systems and infrastructure required to accommodate this program. In their opinion loans to part-time students should be eliminated.

5.0 Impact of the CSLP

The assessment of the impact of the CSLP looks at four aspects of intended and unintended impacts of the Program. The timing of the Evaluation[16], the evaluation issues, and the methodology employed have implications on impact assessment. Consequently, each of the four aspects are addressed to a varying extent. Overall, our evidence is strongest with respect to default and some aspects of timely and successful completion. The four aspects of program impacts addressed by the evaluation are as follows:

- ***enrolment.*** Specifically, the evaluation examined whether the program ensures that all Canadians have access to post-secondary education by providing financial assistance to those who otherwise would be unable to attend a post-secondary program;

- ***timely and successful completion.*** Does the program assist students to complete their studies in a timely and successful fashion? An element of this is *persistence*. Specifically, the evaluation examined whether the program affects the persistence of post-secondary students; i.e. whether the program allows students to continue their education once they have enrolled;

- ***repayment and defaults.*** What is the impact of the program on students repaying their debts? What is the default experience of the program and what are the major factors explaining student loan default?; and,

- ***student debt.*** What is the impact of the program on student debt levels? What are the consequences of this level of debt?

We report separately on each of these issues below.

5.1 Enrolment

The central objective of the CSLP is to help low-income students obtain a post-secondary education. As a result, a key indicator of the success of the program is whether or not the availability of CSLP loans affects students' decisions to enrol in school. The Evaluation provides a variety of evidence relating to the impact of the program on post-secondary enrolment.

Overall, we have found that:

- *the CSLP allows some individuals - who would otherwise be unable to do so - to enrol in post-secondary education;*

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[16] The Evaluation commenced in the summer of 1996 - one year after the introduction of major changes to the Program.

- *lack of sufficient financial resources remains a barrier to enrolment in post-secondary education for some individuals. As well, significant risk exists, under the current program terms and conditions, that the size of this group may expand over time;*

- *reforms to the Needs Assessment Process appear to have improved the extent to which the program truly targets individuals in need; and.*

- *the program continues its long history of extending aid to all individuals regardless of their creditworthiness. However, the increasing numbers of mature students have increased the controversy of this provision and raised new questions.*

The remainder of this section provides supporting evidence for each component of the above findings.

The evaluation provides strong evidence that CSLP allows individuals - who would otherwise be unable to do so - to enrol in post-secondary education.

Respondents to the Survey of 1995 Borrowers were emphatic that availability of a student loan was a critical factor in their decision to enrol in a post-secondary institution. Overall, an estimated 78% of CSLP borrowers reported that they would not have enrolled if they had not received a Canada Student Loan. Attendance at a private college appears to be especially dependent on the availability of a student loan with 87% of borrowers indicating that they would not have enroled if they had not received a Canada Student Loan (as compared to 78% of public college students and 69% of university students).

Moreover, the survey collected detailed information from each student on their expenses and financial resources. For student borrowers from all three types of institutions, student loans[17] accounted for, on average, more than 50% of their total financial resources:

Revenue Source	Public College	Private College	University
Student Loans	$5,203	$8,036	$5,104
All other sources [18]	$4,092	$5,747	$3,958
TOTAL	$9,295	$13,783	$9,061

Source: Survey of Borrowers

[17] This includes loans from provincial governments. Typically, CSLP provides 60% of the student loan although variations exist among the provinces.

[18] A detailed table outlining the average revenue from various sources is provided in the Technical Report for the Survey of Borrowers.

Given that the CSLP loan amounts accounted for such a significant portion of borrower's financial resources and the fact that these amounts were determined by the Needs Assessment, it is apparent that the program played a significant part in enabling these students to enrol in post-secondary education.

Focus groups with borrowers produced similar results. Roughly two-thirds of all participants in the borrower's focus groups stated that they would not have been able to attend a post-secondary institution without their Canada Student Loan.

Key informants also cited the importance of the CSLP in promoting enrolment decisions:

- HRDC program staff stated that the role of the program was to assist qualified students who otherwise could not afford the cost to attend post-secondary institutions; and,

- Respondents from the National Advisory Group on Student Financial Assistance (NAGSFA) stated that the CSLP was a very significant program, some used the expression critical. They estimated that between 30%-50% of all borrowers would not have had access to post-secondary education without the CSLP.

Despite significant research over the past 25 years relating to this matter, however, the literature review provided ambiguous evidence of the impact of student loans on post-secondary enrollment decisions. Most of the research looked at American longitudinal data sets which allow analysts to relate the types and amounts of financial aid received by students to their enrolment decisions. The empirical results obtained thus far, have failed to establish any consistent relationship between loans and enrolment. This is in contrast to the consistent finding that students do respond to changes in tuition fees and to non-repayable grants. While this failure to firmly establish that loans encourage enrolment is important, the reasons are largely due to universal access of individuals in need to student loans over the period which has been studied. In this context, it is of course difficult to prove that access to loans impacts on enrolment. Nevertheless, from a review of the various studies it seems that loans have less of an impact than grants on post-secondary enrolment decisions.

The evaluation provides evidence that enrollment in post-secondary education is difficult for some individuals. Furthermore, strong evidence exists that, with the program's current terms and conditions, this group may expand over time.

The evaluation did not directly address this issue as it would have required a survey of individuals who wished, but were unable to attend, a post-secondary institution and this survey was not part of the methodology employed. Consequently, the evaluation has had to rely on indirect evidence from multiple sources which indicates that substantial numbers of CSLP borrowers have suffered financial hardship in the pursuit their post-secondary education. This suggests the possibility of an accessibility barrier since other individuals would, presumably, have been unable or unwilling to attend post-secondary education in the face of such financial hardship.

Specifically, the evaluation found that:

- nearly half of private college borrowers indicated that their student loans were insufficient, with 31% describing their loans as not nearly enough;
- students with children were more likely to indicate their loan was not nearly enough. Provincial officials confirmed that this group is prone to insufficient awards since their assessed need often exceeds the maximum that can be loaned under the program[19];
- the program assumes that parents contribute to the post-secondary education of their dependent children. Many individuals in our focus groups informed us that their parents were unwilling or unable to make such a contribution;
- some mature students in the focus groups noted that accommodation allowances provided by CSLP are based on shared accommodation and that they are unwilling or unable to live in such a situation; and,
- a number of key informants noted that assessed need frequently exceeds program limits. In 1995-96, 18% of borrowers (based upon provincial data) received the CSLP maximum award of $165 per week.

Over time, if education costs continue to rise and student's financial resources do not or rise at a lower level, the loan limits may become a more significant accessibility barrier. Under such circumstances, more individuals will have needs which according to the agreed Needs Assessment algorithm exceed their resources and the size of the gap can be expected to increase.

As key informants told us, this is not easily addressed since the solution of increasing loan limits would increase student debt load. As noted in Section 4.4, even with current loan limits, concerns about debt load are high.

The barriers to access would appear to be greatest for prospective students at private colleges and universities. Private colleges, because they are not subsidized, have higher tuition rates thus increasing resources required at least on a per week basis. As well, private colleges attract more mature students whose cost of living may be higher whether because of what they are use to or because of the presence of dependents. Consequently, it is likely that the loan limits are more problematic for private college applicants.

However, because many programs at these colleges are of brief duration, increasing loan limits for this population will not, in general, have the same impacts on overall debt burden as with university students. Increasing loans limits, therefore, may be a feasible option.

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[19] CSLP authorizes loans of 60% of the provincially assessed need up to a ceiling of $165 per week in school.

Potential university students, especially if they are mature individuals and/or have financial dependents, are also likely to face barriers to access:

- tuition, while not as high as for private colleges, is higher than for public colleges and has increased rapidly. It is generally expected that university tuition will continue to increase substantially over the next several years; and,

- the longer length of university programs creates two difficulties. First of all, it is much more difficult to live in a situation where your costs exceed your resources for a longer period of time. Secondly, there is already a strong concern that the debt levels which will be incurred by today's university students will be a substantial burden (see Section 4.4). Increasing loan limits for this population was viewed by our key informants as a risky and unappealing option.

Reforms to the Needs Assessment Process appear to have improved the extent to which the program truly targets individuals in need and therefore at greatest risk of facing access barriers in the absence of financial aid.

The evidence for this finding derives from the key informant interviews. Virtually all individuals interviewed described the current system as much improved relative to the previous system which had been in place for many years without any substantial reform. Provincial officials, who deal most directly with student borrowers, noted reductions in both complaints and appeals and, in general, higher levels of satisfaction. The majority of key informants stated that the new needs assessment works relatively well. Overall, most (provincial officials) feel the needs assessment does target those who are most in need. Nevertheless, these officials (and student borrowers) noted three types of problems which limit the program's targeting to individuals most in need:

- identified need can not always be met due to the loan limits;
- the needs assessment is not always accurate; and,
- the needs assessment is based on information which is not always accurate.

These three concerns are addressed at length in Section 5.5.

5.2 Timely and Successful Completion

In Section 3.3, we addressed the relevance of the program's goals relating to timely and successful completion. In this section, we address the extent to which those goals are achieved. We follow the same approach as in Section 3.3 by reporting first in regard to timely completion and subsequently in regard to successful completion.

5.2.1 Timely Completion

The evaluation included a multivariate econometric analysis of student persistence. The results of this work are described in a separate technical report.

The model used data from the Survey of Borrowers, which collected information on students who had borrowed for the first year of a post-secondary program. The students were interviewed one year after that first year. The structure of the model was developed based on numerous studies on post-secondary persistence as described in the literature review.

As defined in previous literature, "post-secondary persistence" has several dimensions. *Within-year persistence* is defined as successfully completing a single period of study; for example, students who complete the first year of university have persisted within-year. *Across year persistence* is usually defined in the previous literature as re-enrolling in a second year of study at the same institution.

We adopted the conventional definition of within-year persistence but slightly modified the definition of across-year persistence. Most previous studies focused on particular institutions, usually one American university. A student who switched post-secondary schools from one year to the next was treated as *not* having persisted, a view that implicitly adopts the point of view of their first-year institution. Because the CSLP is a national program, we considered students who stayed in school from one year to the next, even if they had switched institutions, as having persisted in post-secondary education.

Evidence suggests that the CSLP - and other parts of the student financial aid system - assist in timely completion of at least the early years of post-secondary education.

The CSLP is intended to level the playing field by allowing individuals with limited financial resources to enrol and persist in post-secondary education. We found that financial factors (i.e. proportion of income that comes from student loans and borrower satisfaction with amount received) were not strongly or consistently related to student persistence. This suggests that the CSLP (in conjunction with the other parts of the student financial aid system) is working as designed and is helping students to persist through their first year of studies and from their first year to their second year.

Raw data from the Survey of Borrowers also provides evidence that individuals who withdraw without completing their first period of study cite financial factors infrequently:

Reason for withdrawal during first year	% of those individuals withdrawing early
Program not suitable	34.9%
Financial reasons	17.9%
Illness	17.9%
Family responsibilities	10.8%
Failing grades	7.2%
Other personal reasons	15.3%

Source: Survey of Borrowers

While financial factors were not important predictors of persistence, we did find a number of other important factors.

The most important determinant of persistence was how well students were integrated into the social and academic life of their institutions.

We included a number of variables relating to academic and social integration and, in agreement with past research, we found these factors to be consistently important explainers of persistence.

Borrowers from private colleges were substantially more likely to withdraw from school within their first period of study than were public college students. While most private college students and many public college students were enrolled in one-year programs, those few who began in two-year programs were less likely than university students to continue on into the second year of the program.

The within-year persistence model was estimated only for college students because very few university students (only 3 per cent) reported withdrawing before the end of their initial period of study. While the raw data indicates that withdrawal rates are similar for the two types of college institutions (11 per cent for private college students and 12 per cent for public college students), the econometric model predicted that, after adjusting for differences in the characteristics of the two groups, private college borrowers were 9 percentage points more likely to withdraw before completing the first year of studies.

The across-year persistence model involved largely university students, because many college students had been enrolled in one-year programs. Nevertheless, the college students in the sample were less likely to persist than the university students. Once again, the private college students were less likely to persist than the public college students.

Students from British Columbia were more likely to persist than borrowers from other provinces.

In general, the province in which students had borrowed was not related to the probability that they persisted. Holding other variables constant, however, borrowers from British Columbia were more likely to persist, across years, than borrowers from other provinces. We know that British Columbia is one of the provinces that still provides student financial aid grants. But the variable "percentage of income coming from grants" was included in the model, suggesting that the size and significance of the BC coefficient may be due to other unmeasured factors.

5.2.2 Successful Completion

Available evidence suggests that the CSLP assists students complete their studies successfully by limiting the amount of time they must devote to work while at school. As well, program terms and conditions which reduce loan authorizations based on earnings while at school provide a disincentive to working large numbers of hours while in school.

Roughly one-third of all borrowers who participated in the focus groups indicated that the amount they received under the CSLP was sufficient to allow them to study full-time without having to divert their efforts to raising additional revenue. Participants indicated that this improved their chances of completing their program in a timely manner as they had no other major distractions. In addition, a number of respondents indicated that the nature of their program was such that they did not have any time to devote to work. The assistance provided under CSLP played a very significant role under such circumstances.

Data from the Survey of Borrowers indicated that, on average, only about 6% of the revenue for their education came from work during the school year. Nevertheless, some students do need to work while in school and they noted the distraction which it created.

In our survey, only 29% of respondents reported working during the school year. These individuals reported that, on average, work during school accounted for about 20% of their revenue. The median hours worked were 14. In other words about 15% of all borrowers worked two days a week or more while attending school and earned more than 20% of their total revenue in this way. Past research, mostly conducted with high school students, indicates that up to a point (about 15 hours per week), work enhances completion but beyond that point it becomes a negative factor. However, in the persistence model, a number of formulations of independent variables relating to hours worked were attempted as independent variables and no significant effects were found.

In our focus groups with student borrowers, most of the working students indicated that they were obliged to work in order to meet their basic education-related expenses, while others stated that they worked in order to have extra money available for discretionary spending. Approximately half of all students (focus group participants) working part time indicated that their grades were negatively affected as a result of the effort devoted to part-time work.

5.3 Repayment and Defaults

Earnings is an extremely important predictor of default in the Canada Student Loan Program.

Common sense, buttressed by the literature review, suggests that borrowers who have higher earnings after leaving school will be less likely to default. This is strongly supported by our econometric analysis of student loan default. Each $1,000 increase in average earnings over the first two years after graduation leads to a decline of 1.5 percentage points in the default

rate. This is a much larger effect than has been reported by American researchers. In part, at least, this difference may be attributable to the higher quality data - especially on earnings - which was available to us.

Job volatility, as measured by the number of Records of Employment (ROE's) issued is also a significant but less important predictor of default.

Each additional ROE issued is predicted to increase the probability of default by 1 percentage point. This is not a large effect since the average number of ROE's issued was slightly above one. However, this volatility effect is in addition to the earnings effect[20].

Borrowers from colleges - especially from private colleges - are more likely to default than university students. University graduate students are least likely to default .

Most previous studies of default, with the exception of Dynarski (1994), have found that once post-schooling earnings were held constant, the default rates across the different types of schools were not significantly different. However, our results show strong institutional effects. Community college students are 15 percentage points more likely to default than university students who achieved similar post-school earnings. Private college students are 20 - 25 percentage points more likely to default. University graduate students are 9 percentage points less likely to default than university undergraduate students.

It is important to note that these effects are in addition to the effects of lower post-school earnings typically experienced by public and private college students.

Evidence exists that the behaviour of financial institutions affects student loan default.

The pre-1995 system provided little encouragement for financial institutions to do more than legally required to collect student loans. This was the rationale for program changes in 1995 whereby the loan guarantee was discontinued and lenders were provided with a risk premium to cover unavoidable losses.

The evaluation provides ample evidence in support of these changes. In the Survey of Defaulters (pertains to the pre-1995 period for the program):

- 52% of respondents found out they were considered to have defaulted on their Canada Student Loan only at the time they were contacted by a collection agency;
- almost one third (29%) were completely surprised that they were considered to have defaulted;

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[20] High volatility is not necessarily accompanied by lower earnings since some individuals may leave one job and immediately commence another.

- 52% of respondents disagreed or strongly disagreed with the statement that the financial institution was willing to be flexible; and,

- only 34.5% of respondents had knowledge of the availability of Interest Relief.

Students were read a list of factors which may or may not have contributed to their default. Two of the most important factors mentioned were:

- the financial institution didn't try hard enough to get you to repay (54%); and,

- the financial institution was too inflexible (44%).

Interviews with representatives from collection agencies confirmed much of this. They cited the primary reason for default as lack of employment. A secondary reason was that individuals had moved and had not informed their financial institution of their new address. Another reason cited was that financial institutions had failed to inform individuals about the Interest Relief program. One Agency estimated that 60% to 70% of their portfolio was genuinely shocked to find out that their CSLP loan was in default.

However, the strongest evidence comes from our econometric model of default. We included dummy variables to test whether clients of different financial institutions were more likely to default. Our models estimate that the probability of default was 3 to 6 percentage points higher for clients of one major lender as compared to clients of its major competitors. More striking was that the probability of default for clients of smaller institutions (caisses populaires, credit unions and small chartered banks) was 14 percentage points lower than the lender with the highest default rate and about 8 percentage points lower than the other large lenders even though the characteristics of borrowers were similar across lenders.

Our results make it clear that these differences are due to differing behaviour by the institutions since the "defaulters" from the institution with the highest default rate were more likely to repay their loan in full when collection action was undertaken. Conversely, defaulters from other institutions were least likely to repay their loan in full to a collection agency indicating that a higher proportion were truly unable to repay their loan in full.

For borrowers under the old program, the cumulative amount borrowed had a significant but small impact on the probability of default. However, extrapolation of these results to the higher loan amounts which will be incurred under the new program may not be valid.

The cumulative amount borrowed affected default rates in the expected way, that is, those with larger loans were more likely to default. But the size of the effects, while statistically significant, is not large. A $1000 increase in the cumulative amount borrowed (an increase of about 15 per cent from the mean) would raise the predicted probability of default by less than one percentage point. However, a word of caution is in order. The loan amounts reported in the survey of defaulters are not likely to be indicative of those incurred by future defaulters, therefore,

conclusions regarding the effect of loan size on default may be invalid for loan amounts outside of the range addressed in this model.

However, today's borrowers are worried about their ability to repay their loans both because of concerns about the amount of their loans and also because of concerns about finding employment. The majority of participants in the focus groups for borrowers were very concerned about their chances of finding employment upon graduation and thus their ability to re-pay their loans.

5.4 Student Debt

Growing levels of student debt are a major concern.

We know that student loan borrowing in Canada has increased dramatically since 1990 (Finnie and Schwartz, 1996, p.85). The CSLP estimates that the average debt load of a bachelor's graduate who borrows in each year will be close to $25,000 by 1999 (CSLP, 1996) as opposed to the $9,000 level reported by Finnie and Schwartz for 1990 graduates. It is therefore not unrealistic to imagine that in the near future, the debt/earnings ratios of Canadian graduates will be similar to those of bankrupt debtors (if they are not already).

We note that the median debt/earnings ratio of Canadian student loan borrowers has probably risen substantially in recent years. The total amount borrowed has surged upwards (Finnie and Schwartz, 1996, p. 85) while earnings have remained relatively flat. The median non-mortgage debt/earnings ratio of bankrupts was 0.7 for a 1980s sample of American bankrupts. Since Finnie and Schwartz report that the median student loan debt/earnings ratios were in the 0.2-0.4 range for 1990 graduates, we suspect that current debt/earnings ratio of recent Canadian graduates is now approaching the level of the sample of American bankrupts. If we assume that the median debt/earnings ratio for bankrupts is, by definition, "unmanageable", then the problem of rising debt burden among student loan borrowers certainly bears careful review.

Concerns over debt loads take two forms. First is the potential for higher default rates which was emphasized in our consultation with lenders. At present, as reported in Section 5.3, amount borrowed is a factor in default rates. At higher debt levels, default rates are likely to be at least as significant. The second factor is the impacts of repayment on individual's lives. As noted in the literature review, high student loan debt may limit individuals' access to credit as well as their ability to follow chosen careers, marry and have children.

Program staff stated that while the approach taken by the CSLP continues to be reasonable because of the leverage obtained from the loan and program targeting, there is increasing concern about the high levels of debt students are incurring.

NAGSFA officials stated that the changes to the CSLP have resulted in a significant increase in student debt levels. As a result of the increases in weekly limits, students are allowed to

borrow more. Subsequent to the new cost-sharing arrangements with the provinces[21], several jurisdictions have replaced grants with loans resulting in further impact on debt levels.

NAGSFA officials also stated that high need students are experiencing the largest increases in their debt load. Observers have commented that this is contributing to a perpetuation of their economic hardship (i.e., entrenching social mobility barriers rather than eliminating them). There is a perceived danger of putting students in a situation of life-long debt.

Lenders are also becoming increasingly concerned about the levels of debt being accumulated by students and have some serious reservations with regard to their ability to re-pay the loans.

Finally, students themselves are concerned about their ability to repay their student loans. In the Survey of 1995 Borrowers[22], 39% were extremely concerned and an additional 33% were somewhat concerned. These concerns existed among students from all three institution types:

The program continues its long history of extending aid to all individuals regardless of their creditworthiness. However, the increasing numbers of mature students have increased the controversy of this provision and raised new questions.

When the CSLP was first introduced, and for many years thereafter, virtually all post-secondary students were young individuals proceeding directly from high school. Typically, these individuals had no previous experience with financial institutions and no established credit rating. A large part of the rationale for the program has always been that financial institution were reluctant to grant credit when they could not assess risk. This explains the inclusion of the - now discontinued - loan guarantees which eliminated risk for the financial institutions and thus made them willing partners in the program.

The increasing number of mature students means that many more potential students have established credit ratings and, of course, not all of those credit ratings are good. The failure to

Extent of Concern about ability to repay	Public College	Private College	University
Extremely concerned	35.7%	47.7%	37.0%
Somewhat concerned	34.0%	28.3%	36.5%
Not at all concerned	30.3%	23.9%	26.4%

Source: Survey of Borrowers

[21] Several respondents noted that the new arrangements resulted in the move to loans by the provinces. With the provinces assessing need and the CSLP meeting 60% of assessed need, it was difficult for provinces to provide an amount of resources less than the remaining 40%. This resulted in increased financial aid from the province in many cases which in turn motivated a change from grants to loans.

[22] We remind the reader that the Survey only included individuals who were borrowing for the first time in 1995.

include specific provisions for individuals with poor credit ratings is a major irritant to the financial institutions as was indicated to us in our interviews with their representatives. At the extreme, the financial institutions note that the program requires them to issue loans, with no special provisions, to individuals with previous fraud convictions.

6.0 Alternatives to the Program's Design

This chapter presents a discussion of two issues (designation of educational institutions and income contingent repayment) which have received much recent attention in terms of their potential as desirable modifications to the current program's design.

6.1 Designation of Educational Institutions

This sub-section deals with the designation of educational institutions as a mechanism to reduce default rates on student loans.

Current approaches for designation of educational institutions are not satisfactory. Student loan default rates for institutions are a potentially useful indicator for reviewing designation of institutions.

Our evidence indicates that designation of educational institutions is a concern. Existing processes date from a time when most educational institutions were public institutions and provincial governments were able to assess the quality of education offered by the small number of private institutions in their province.

Program officials noted that some private institutions have had high default rates over an extended period of time and that reason exists to question the quality of education offered. As well they noted that the nature of the education offered by some institutions does not meet what most Canadians would consider to be a post-secondary education. They also noted that provincial responsibility for designation is not always workable when individuals wish to attend foreign institutions since it may be beyond the resources of the provincial education department to investigate the quality of education offered by a foreign school.

Another example of evidence of designation problems came from one of our focus groups with defaulters where 6 of 10 participants felt that their school should not have been designated under the CSLP. The concerns of these students related to the quality of education provided.

A slightly more complex matter relates to the nature of education offered by an institution or in a particular program. For example, should students at an expensive pet manicuring school or an Astrological Training Institute be eligible for a student loan? Part of the complexity for CSLP relates to the possibility that different provinces may rule differently. The program would benefit from more precise definitions of what constitutes a post-secondary education. In practice, however, this is likely only achievable if all provinces agree to participate in devising such definitions.

Overall, our evidence suggests that designation of canadian educational institutions should continue to be based on the nature and quality of education and should remain the responsibility of the provinces. Student loan default rates have potential, but limited utility as a second-best alternative, in the absence of provincial assessment of quality, in terms of designation. First, they are potentially one line of evidence which may be used in a de-designation process. Second, to the extent that a province lacks the resources to investigate all institutions, they might enter into an agreement with CSLP to use default rates to identify institutions which may warrant more detailed investigation. Third, if evidence exists that an institution is acting directly to affect default rates (such as for example, by counselling its students to default their loans), student loan default rates for the institution would become a primary line of evidence in de-designation.

American experience indicates that use of default rates in decisions to review the designation of institutions can provide savings. According to a review undertaken by Professor Sandy Baum, since a set of legislative reforms in 1992, american post-secondary schools with persistently high default rates (greater than 25 percent for three consecutive years) have been removed from the list of institutions whose students are eligible for student loans. Partly because of that policy (and partly because of other policies related to default reduction), the net cost of default to the american government fell from US $1.2 billion in 1993 to US$245 million in 1996. Most of the schools affected were private colleges.

It is important to note, however, that a number of other reforms were also adopted to address high default rates in the U S. Other measures taken to solve the U S default rate problem include a stronger oversight of high-risk schools, an improved process for granting eligibility and certification of schools and programs, and a requirement for financial counselling to student borrowers upon enrolment and at graduation. As well, borrower loan deferments were simplified and more repayment options were added in an effort to provide borrowers with more opportunities to avoid defaulting. Stiffer penalties were also imposed upon defaulters eg. income tax refunds were applied to loan defaults and defaulters had their wages garnisheed.

Development of processes for de-designation of institutions will be troublesome. While it offers potential savings, it also has numerous disadvantages.

A primary consideration is the american experience. Our interviews with US officials indicate that their experience with using default rates to designate schools has had some negative aspects. The systems put in place to control schools with high default rates (primarily proprietary schools) seems to be on the road to increasingly complicated regulations and the litigation initiated by these schools has become increasingly expensive as have the costs for all parties of complying (and auditing compliance) with the designation policy.

Another consideration relates to the appropriateness of default rate data. Individuals default for individual reasons. Consequently, institutional default rates may be high (or low) because borrowers attending the institution share common characteristics rather than because of the nature of their training. An obvious example would be an institution which is located in a geographic area undergoing a severe recession. Most graduates, at least in the short term, may

continue to live in the area and experience employment difficulties which may lead to high default rates[23]. This may occur regardless of the quality of the education received. This point may be supported by our finding that defaulters are not inclined to blame their institutions. In the survey of defaulters, respondents were asked who was primarily responsible for the fact that they defaulted. Only 4% of 400 respondents stated that their educational institution was primarily responsible for their default.

However, there is evidence that individual characteristics are not the only factor in default. In terms of the findings from this evaluation, the technical report on default found that, even after a variety of individual characteristics were held constant, statistically students from private schools were more likely to default than those from other post-secondary institutions.

Finally, a process addressing designation of educational institutions would need to avoid conflicting with canadian attitudes which support the individual's right to make their own choice of educational institution and program. Our focus group participants believed that the student should retain the right to study in whatever area one chooses and at the institution they choose. They recognized that for this approach to work it was important that prospective students have access to information about the program and institution and, conduct their own investigations.

Existing procedures for designation of foreign institutions are unsatisfactory.

Current practice as we understand it is that provinces address this matter in response to applications from prospective students[24]. If the province has no previous knowledge of the institution (i.e. has not previously designated it), the first step is to check whether any other province has designated it. If so, the institution is designated in the province which has received the application and the student loan application is accepted. If the institution has not been designated in any other province, the province must determine - usually with limited time and resources - whether the institution is legitimate. It seems inevitable that some designation errors will occur in such a process. The extent and impact of such errors is likely small but might be further reduced by sharing of "best practices" among the provinces.

6.2 Income Contingent Repayment

This sub-section addresses, in a limited way, a potential mechanism for dealing with the problems associated with increasing levels of student debt.

Income Contingent Repayment is an appealing approach and experience in other countries provides evidence that it can be implemented on a large scale.

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[23] This may have less obvious consequences in the future than has been the case in the past given the new approach to Interest Relief.

[24] Given the large number of education institutions in the world a reactive system is the only viable approach.

The literature review provided a brief comparison of the UK, Canadian and Australian student loan systems. Each system contains some degree of income-contingency. In the current Canadian and UK systems, income-contingency takes the form of payment deferral. In the UK, those with low income can defer repayment for all years in which their income is low; in Canada, those with low income can defer payments (under the Interest Relief Program) for up to 3 years. In the Australian system and under the Nicholas Barr (London School of Economics) proposal, income-contingency is automatic; the relevant national tax authority would determine the required level of repayment which is dependent on the level of reported earnings.

The Canadian system (and the American as well) uses the private sector as a source of funds. In both the current Australian and UK systems, the public sector is the source of funds; in the UK, the government provides loans directly while in Australia the government provides institutional subsidies to make up for deferred charges. Under the Barr *et al.* proposal, the original source of funds would be the government but the government would quickly secure the loans by selling them to the private sector.

In Canada, there are substantial government subsidies in the form of interest payments while the borrowers are in school (or in Interest Relief) and in the form of the 5% risk premium. In the UK, the subsidy involves the cost of allowing deferment for those with low income and in the (implicit) cost of charging a zero real interest rate on the loans. In Australia, the loans are subsidized only by the zero real interest rate. In the Barr *et al.* plan, the subsidy would take the form of the difference between the amount of loans provided and the amount for which the loans could be sold.

In summary, there has long been a strong theoretical case for income-contingency. The practical experience with income-contingency in Australia has now added an important facet to the argument. Not only is income-contingency theoretically appealing but there is nowevidence that it can actually be implemented on a large scale.

According to program staff, current options are not adequate for dealing with high debt loads associated with the CSLP. However, only a small portion of borrowers have high debt loads. Depending upon the degree obtained, a high debt load may be $15,000. While recent changes have increased the flexibility to extent the repayment period and there is a move to look at Income Contingent Repayment (ICR), there are questions as to whether there are any differences between the two approaches other than eliminating the demand for immediate payment.

Lenders stated that they were not in favour of extending repayment terms beyond 114 months (this was the limit at the time of the interviews). One lender suggested using interest relief before considering any extension of the repayment period. The rationale being that after graduation, students move on with their lives and take out car loans, house loans, etc. The cumulative impact of the CSLP and these other loans overwhelm the graduates' capacity for repayment. This same respondent was in favour of ICR but felt that from an administrative point of view, the government would have to create a service bureau to deal with such entities

as Revenue Canada. The rationale is that ICR will require access to Revenue Canada data and this department will not want to deal with 6 to 8 lenders.

One lender stated that they had yet to see much in the way of repayment. However, in the short term, the current repayment options seem sufficiently flexible. In the longer term they felt that more work needed to be done to address such issues as whether there should be rewards for prompt repayment. This lender also stated that they were at an impasse as to what could be done at the time loans are consolidated. They would like to be able to offer the student more alternatives than what currently exists. For example, at what point should loans be consolidated - there should be flexibility with respect to consolidation and, there should be flexibility to capitalize interest (6 month period). This respondent does not see ICR as a viable option but rather favoured escalating payments as the loan ages as a preferred option.

Focus groups with borrowers provided indirect indications of the possible merits of Income Contingent Repayment. The present system will result in high debt loads for the neediest students especially if they enrol in longer programs. Interest Relief, as it has been recently refashioned, will provide some insurance against school to work transition difficulties. Nevertheless, individuals who make choices to train for occupations where demand is low (or becomes low by the time they graduate[25]) take on a great risk. The students we met understood that risk but felt they had little choice since post-secondary education at least gives them a chance at future prosperity and they could not obtain that education without going into debt.

Students described to us their attempts to minimize that risk (e.g. consulting labour market information at HRDC and placement rates for programs they applied to). Nevertheless, many of them had already concluded that they had made a poor choice when we met them less than two years into their program. To at least some extent this is inevitable. Labour market information is difficult to compile and interpret and is inevitably incomplete given the complexity of the labour market. As well, the labour market is subject to rapid changes meaning that high quality information for today may not be especially helpful for the future.

The concern that arises from these focus groups relates to the impacts on future generations if large numbers of today's or tomorrow's students find that the benefits from a post-secondary education are severely limited by the resulting debt burden.

Income Contingent Repayment has both advantages and disadvantages. Given the policy objectives of the CSLP - to encourage individuals to pursue a post-secondary education - the major advantage is that it reduces the risk for prospective students, making their decision to attend easier.

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[25] An example of this from our focus groups was individuals who were training for occupations in the health field. Shortly after their enrollment - and incurment of a large loan - freezes and downsizing occurred in hospitals across the country. Inevitably, these individuals were very concerned for their future when we talked to them.

7.0 Conclusions

This section of the report presents conclusions relative to the more significant findings that were derived from the evaluation of the Canada Student Loans Program. The conclusions are as follows:

1. From an historical perspective, the CSLP has been a good program that appears to have fostered access, choice and perhaps encouraged persistence in completion of post-secondary education. However, for the future, it is not apparent that the program, as currently designed, is equipped to achieve these same goals.

2. The CSLP has not sufficiently addressed repayment problems associated with increasing debt burdens for current and future borrowers under the program.

3. While the CSLP has made some progress towards reducing costs and increasing efficiency through harmonization, much more progress is required. The program must continue to struggle for harmonization in such areas as designation of educational institutions; communication; needs assessment; information sharing; and, with issues related to debt burden. Without harmonization, a whole range of issues will remain unresolved.

4. The program suffers from serious information management problems which range from a lack of performance indicators, a lack of data and, a limited facility for electronic data interchange among the program's partners. The CSLP is not an information driven organization and it should be.

Appendix A

Table A.1: Average Amount Borrowed by Province 1992/93 to 1995/96 [26]

Jurisdiction	1992/93	1993/94		1994/95		1995/96	
		Amount	Increase	Amount	Increase	Amount	Increase
Newfoundland	$3,054	$3,104	$50	$4,105	$1,001	$4,718	$613
Prince Edward Island	$2,892	$2,985	$93	$3,077	$92	$3,169	$92
Nova Scotia	$3,087	$3,176	$88	$3,769	$593	$3,403	($366)
New Brunswick	$3,160	$3,372	$211	$3,085	($287)	$3,019	($66)
Ontario	$2,840	$3,401	$560	$3,990	$589	$4,039	$49
Manitoba	$2,927	$3,434	$506	$3,679	$245	$3,778	$100
Saskatchewan	$3,461	$3,462	$1	$3,987	$525	$3,908	($79)
Alberta	$3,216	$3,267	$50	$3,382	$115	$3,659	$277
British Columbia	$3,198	$3,206	$8	$4,490	$1,283	$4,553	$63
Yukon	$2,036	$2,005	($31)	$2,147	$142	$4,074	$1,927
Canada	$3,010	$3,337	$327	$3,934	$597	$4,021	$88

26 Source: Main Estimates, Government of Canada, Part III Expenditure Plan, Human Resources Development Canada

Table A.2: Characteristics of CSLP Borrowers 1989/90 and 1995/96 [27]

Province	1995/96 [28]		1989/90	
	# CSLP participants	% CSLP participants	# CSLP participants	% CSLP participants
Age Group				
Under 25	232,296	68.6%	156,335	72.7%
25 - 29 years	56,682	16.7%	34,075	15.8%
30 - 34 years	23,813	7.0%	13,191	6.1%
35 & over	26,077	7.7%	11,433	5.3%
All ages	338,868	100.0%	215,034	100.0%
Gender				
Male	153,174	45.2%	94,745	44.1%
Female	185,694	54.8%	120,289	55.9%
Institution Type				
Universities	170,269	50.2%	122,667	57.0%
Colleges/Institutes	118,302	34.9%	67,533	31.4%
Private	49,163	14.5%	21,588	10.0%
Other	1,133	0.3%	3,226	1.5%

[27] Source: *ibid*

[28] Preliminary estimates